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UNCLAS KUALA LUMPUR 000874

SIPDIS

PM/DTCC - BLUE LANTERN COORDINATOR

E.O. 12958: N/A
TAGS: [ETTC](#) [KOMC](#) [MY](#)
SUBJECT: BLUE LANTERN RESPONSE ON PRE-LICENSE END-USE CHECK
ON LICENSE 050123747

REF: SECSTATE 102553

¶1. Pursuant to reftel inquiry, Econoff in late September 2008 contacted the Malaysian Ministry of Home Affairs (MHA, aka also formerly known as the Ministry of Internal Security) and the Malaysian company "Anafield Sdn Bhd". By 2 October, both had responded to post inquiries into Anafield's proposed purchase of several thousand firearms and associated defense equipment (as listed in reftel). Post was pleased with the responses and received a separate confirmation of the legitimacy of the purchase when the MHA's Royal Malaysian Police Special Branch (RMP SB, equivalent of FBI/CIA) in September informed Post's office of Regional Affairs that the firearms procurement was legitimate and intended for GOM use only.

¶2. Ministry of Home Affairs: A supervisor within the ministry, Ms. ((Marhizah)) Abdul Razak, responded to Post's inquiries. She verified the proposed order by Anafield and was very familiar with the details.

A) Question: Can the GOM confirm it has ordered the firearms listed on this license application? Response: Yes, the Ministry ordered all of the firearms and associated defense articles through Anafield. The firearms and equipment are intended for use by RMP, which is subordinated under MHA.

B) Questions: Why is the GOM purchasing this large quantity of carbines? Are they undergoing a modernization program, increasing numbers of police or armed forces personnel, etc.? Response: Yes, this is part of a significant and ongoing modernization program for RMP. The GOM is increasing the numbers of RMP personnel throughout the country, and many older RMP firearms need to be phased out and replaced.

C) Question: Will all of the new firearms be used by the RMP? Response: Yes! All new firearms are for use only by RMP, and no other GOM entity. None of them are for the private sector, and Malaysia has strict private firearms ownership laws.

¶3. Anafield: The company responded promptly. The managing director of Anafield, Mohamed Noor B. Yusoff, personally responded via email and telephone to Post's inquiry.

A) Questions: Does Anafield ever retain physical possession of the defense articles listed below? If so, at what facilities and what measures are taken to assure the security of these defense articles? What does Anafield do with the defense articles once received? Response: Anafield said that it will receive the firearms and associated defense equipment only when the items arrive at Malaysian Customs,

but would immediately turn the entire shipment over to the RMP (since RMP is the final end-user). Anafield said that the firearms and equipment, when not in use, would be stored at RMP's Central Warehouse, which is a secure storage facility and not/not open to the public. The warehouse is located at Polis Diraja Malaysia, Jabatan Logistik (SMS), Kompleks SMS PDRM, Persiaran Usahawan, Seksyen U1, 40150 Shah Alam, Selangor, Malaysia. Anafield specifically said that it will clear the items at Malaysian Customs with officers from RMP also present, as firearms and associated equipment are controlled items in Malaysia. Once the items clear Customs, the shipment will go directly to the Central Warehouse, and RMP is responsible for control.

B) Questions: Does Anafield represent either Bushmaster or any agency of the GOM in an official capacity? Does Anafield have a contractual relationship with either? Response: Yes, Anafield is the representative for Bushmaster Firearms International LLC for Malaysia. This can be verified with Mr. Michael Haugen (U.S. citizen), who is the Law Enforcement/Military Sales Manager of Bushmaster. He can be reached at his cell phone (336-207-7180) and office phone (360-458-6395). Yes, Anafield has a contractual relationship with the GOM, listed as "Kontrak Pengantian Senjata Api Dan Amunizi Serta Peralatan Dan Kelengkapan Khas Secara Rundangan Terus Dengan Syarikat Anafield Sdn Bhd." The contact number is: KKDN/POL/PT/1/2008.

C) Questions: What is Anafield's relationship to GEM Investment Limited? What is GEM's role in this transaction? Response: Gem has assisted Anafield by arranging the financing with Ambank to provide the letter of credit and down payment to the manufacturer (Bushmaster). Gem's

directors provided a personal guarantee to Ambank for the loan. Gem and Anafield have been in negotiations with Bushmaster from a very early stage of this contract.

D) Question: Does the company understand the registration and licensing obligations of a broker under the International Traffic in Arms Regulation (ITAR)? Response: The company said that it clearly understands the registration and licensing obligations. The company said it will not/not re-export the firearms/associated equipment.

14. Post assessment is that MHA and Anafield were very cooperative in our inquiries, and both have been forthright and prompt in their responses. We assess that it is a legitimate deal, and one that the GOM wants to happen soon.

KEITH